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FOR THE SECRETARY

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TAGS: PREL PGOV UNSC IT
SUBJECT: ITALY: YOUR MEETING WITH FM D'ALEMA SEPTEMBER 27

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ROME 00002046 001.4 OF 003

Classified By: Classified by Ronald P. Spogli, Ambassador, for reasons 1.4 (b) and (d).

- 11. (C/NF) Summary. While the issues on Italy's international agenda in the near future will for the most part track with ours, the GOI's tactics and desired outcomes may not. D'Alema will want to discuss Iran, Kosovo, Lebanon, Syria, the Middle East Peace Process, Afghanistan and Sudan. You may also want to brief him on your upcoming trip to Moscow. D'Alema told me September 12 that he could support a new UNSCR on Iran with additional sanctions but thinks it should be accompanied by an unconditional offer to negotiate with Tehran. On Kosovo, D'Alema understands the need for a quick status solution even without a UNSC resolution. On Sudan, Italy plans to make a significant contribution to an international effort. On all major UNSC issues, the Italians will seek to balance EU policy consensus with their desire to maintain good relations with Russia. Also, the GOI is inclined to seek dialogue for its own sake, including with states and leaders that are internationally isolated, and has done so recently with Iran, Syria and Sudan. That said, D'Alema has been supportive of our position on most major issues, including with these states. PM Prodi has been less so.
- $frac{1}{2} extcolor{1}{2}$. (C/NF) You are meeting D'Alema as the Italian government hits a low point in domestic popularity. D'Alema has managed to deflect attacks on foreign policy from far left members of the Prodi coalition who would prefer to see Italy take a lower international profile. However, public support for Italy's international engagement is high. The GOI remains reliant on far left parties to stay in power, and, this weekend's kidnapping and rescue of 2 Italian ISAF soldiers notwithstanding, military casualties or kidnappings could threaten Italy's troop deployments in Afghanistan and Lebanon, and its PRT in Iraq. Because D'Alema makes key decisions on his own, at times against the recommendations of his staff and frequently without consulting other members of the governing coalition or senior ministry officials, there is no substitute for personally engaging him in frequent consultation. Your meeting provides our best opportunity to do so on our key agenda items for the fall. In particular, you should urge D'Alema to push PM Prodi to desist from meeting with senior Iranians and Syrians and from making conciliatory statements about Hamas. End summary.

Italy and Dialogue with Pariahs

13. (C/NF) D'Alema fears Italy's position is eroding both within the EU and within the Euro-Atlantic community. The election of Sarkozy in France and Merkel's efforts to rebuild Germany's relationship with the US have sharpened Italy's concern of being relegated to second tier status among European powers. Prodi and D'Alema's penchant for dialogue and hosting conferences may in part be an effort to halt that perceived slide in importance. Whatever the reason (one of Prodi's staff told us that the PM just likes to talk to people, sometimes too much with the wrong people) this tendency, in particular on the part of Prodi, risks the impression of Italy splitting from the international community on tacitly agreed positions regarding limits to contact with Hamas, Syria, Iran, and even the Taliban. The Italians believe they do not lose anything by these contacts. I have told them that they lose international credibility and undermine our common objectives by doing so. You could usefully reinforce this message with D'Alema.

Iran: Open to Further Sanctions, Want Offer of Negotiations

14. (C/NF) The GOI seeks a role on Iran commensurate with Italy's strategic and commercial interests there. Although D'Alema is open to a third round of sanctions, he conditioned his support by calling for a "no-strings" offer of negotiations to accompany a new UNSCR. The PM's Diplomatic Advisor's Sept. 18-21 trip to Tehran and PM Prodi's meeting with Deputy FM Jalili undermined international efforts to make clear to Tehran how serious the situation is. Meanwhile, the GOI has not sought to actively pressure Iran via its economic and commercial ties. The central bank has not closed the Bank Sepah Rome branch, but put it under central bank receivership. In FATF discussions last week in Rome, the GOI proposed that it liaise with the Iranians to

ROME 00002046 002.4 OF 003

bring them to understand the need to respond to FATF inquiries. U.S. Treasury reps worried that "coaching" an Iranian response could end up being counterproductive. Italy, Iran's second largest EU trading partner, is unlikely to go beyond the letter of UNSC resolutions or the EU common position. We need to encourage the GOI to increase financial pressure and maintain the common approach to isolating Tehran on the nuclear issue. You should thank D'Alema for his public statements at the end of last week supporting "even more severe sanctions," and urge him to press PM Prodi to cease high level contact/visits with the Iranians.

UNIFIL/Lebanon: Keeping up the Pressure on Syria

15. (C/NF) Italy commands UNIFIL II and contributes over 2500 troops (the single largest troop contributor). PM Prodi and Lebanese PM Siniora have a good relationship and speak often. The GOI also maintains contact with Syria and Iran on Lebanon. Siniora and Syrian VP Shara were both in Rome in September and saw Prodi. The GOI is concerned about the stability of the Siniora government and wants to strengthen him, but they are reluctant to confront Syria or Iran on the issue of weapons smuggling and support to Hizballah fearing for the safety of their troops. The fragile GOI is anxious to avoid Italian casualties that could harm public support for their troop deployment. The GOI supports the EU Border mission proposal and agreed (at our prompting) to host a meeting (U.S., UK, France, Spain, Italy, German, EU) on the margins of UNGA to discuss it.

MEPP: GOI wants to be "Player, not just Payer"

16. (C/NF) The Italians believe they can make an important contribution to the Middle East Peace Process and want to be involved. D'Alema appreciates renewed U.S. engagement and

has made a conscious effort to maintain good ties with a skeptical Israeli government. While clear on the need to satisfy the three Quartet conditions, he remains intrigued with the idea of "dialogue" with Hamas. (The GOI's line is that Hamas is a reality that must be acknowledged, and that the goal should be to avoid a permanent split among the Palestinians.) D'Alema will push for Syrian inclusion in the November MEPP conference. He should be reminded that there should be neither dialogue nor negotiation with Hamas until Quartet requirements are met, and that the goal now is to support PA President Abbas.

Kosovo

17. (C/NF) D'Alema was PM during the 1999 NATO bombing of Yugoslavia and has a staff of highly knowledgeable advisors. We may need to prevent Italy from backsliding on the December 10 deadline. Italy's preference absent a negotiated solution between the two parties is independence through a UNSC resolution. In the absence of a resolution, reluctance to irritate Russia, a major supplier of energy to Italy, will make D'Alema hesitant to take a leadership role in the EU. D'Alema will likely accept a unilateral declaration of independence by Kosovo, but only after the majority of EU and Contact Group countries have declared an intention to recognize Kosovo.

Sudan

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18. (C/NF) Italy is constructively engaged on Sudan but continues to send mixed messages, for example, by hosting President Bashir recently in Rome, and remains opposed to sanctions. Italy has offered to host a meeting in Rome on implementation of the Comprehensive Peace Agreement under the auspices of the IGAD Partners, Forum. The GOI has declared Africa to be one its priorities at UNGA, and Senior Diplomatic Advisor to the PM Sannino told the Ambassador that Italy would like to provide financial, logistical and training support to the AU-UN hybrid force in Darfur if its budget can sustain it.

Afghanistan

19. (C/NF) Italy's commitment to Afghanistan remains strong (2300 troops), despite opposition to it by several parties in the Prodi Government. MOD Parisi addressed the Chamber of Deputies in mid-September to announce the deployment of an

ROME 00002046 003.4 OF 003

additional 250 troops to support Italy's assumption of command of ISAF HQ in Kabul saying, "this is not a humanitarian mission" and drawing criticism from the far left. Having just announced a plus-up, Italy will not consider addition troops for Afghanistan at this time. are going to ask them to do more there, we should encourage Italy to strengthen their participation in the ISAF Operational Mentor and Liaison Teams (OMLTs) embedded in the Afghan National Army. The Italians remain particularly risk averse regarding casualties, kidnappings, and public acknowledgment of their engagement in combat in Afghanistan out of sensitivity to possible negative public reaction. However, when two Italian ISAF soldiers were kidnapped this weekend (and subsequently rescued by ISAF forces - both were injured, one seriously), the Italian extreme far-left was isolated as the only voice in Italy calling for a pull-out in response, suggesting that Italian staying power in Afghanistan may be stronger now than it has been in the recent past.

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